

*** PUBLIC NOTICE ***

**EPA ANNOUNCES PUBLIC HEARING
MORRO BAY POWER PLANT MODERNIZATION PROJECT**

PERMIT NO. SCC 2005-01

On May 17, 2006, the Region 9 office of the United States Environmental Protection Agency (EPA) requested public comment on a proposed permit for the Prevention of Significant Deterioration (PSD) of air quality, issued in accordance with 40 CFR 52.21, to LSP Morro Bay, LLC, for the construction and operation of the Morro Bay Power Plant Modernization Project.

The proposed modernization project will consist of two combined cycle gas turbine block units. Each block unit will be capable of producing 600 MW of electric power, and each block unit will consist of two 180 MW natural gas-fired turbines, two heat recovery steam generators with duct burners, one 240 MW steam turbine, and associated air pollution control equipment. The Morro Bay Power Plant Modernization Project is subject to federal PSD regulations for particulate matter less than 10 microns in aerodynamic diameter (PM₁₀). Other air emissions, including PM₁₀ from the proposed project are regulated by the San Luis Obispo Air Pollution Control District (District), and are subject to the District air permit.

Due to significant public interest in the proposed PSD permit, EPA has scheduled a Public Hearing to accept written and oral comments on the proposed PSD permit. Persons interested in the proposed PSD permit are encouraged to attend this hearing. Comments received at the Public Hearing will receive the same weight in EPA's decision making as those comments submitted at other times during the public comment period. The date, location, and time of the hearing are as follows:

Date: Tuesday, October 24, 2006

Place: City of Morro Bay, Veterans Memorial Hall
209 Surf Street
Morro Bay, CA 93442

Time: 6:00 PM – 9:00 PM

The proposed permit, ambient air quality impact report, and permit application are available on the EPA Region 9 website at www.epa.gov/region9/air/permit/r9-permits-issued.html and the administrative record may also be viewed Monday through Friday from 9:00 AM to 4:00 PM at the EPA Region 9 address below. Due to building security procedures, please call to arrange a visit 24 hours in advance.

Copies of the proposed permit, ambient air quality impact report, and permit application are also available for inspection at the San Luis Obispo Air Pollution Control District office, 3433

Roberto Court, San Luis Obispo, CA 93401; and the City of Morro Bay, City Attorney's Office, 595 Harbor Street, Morro Bay, CA 93442.

Written comments on the proposed permit will be accepted at any point prior to the public hearing and up to Monday, October 30, 2006. Such comments must be received (if sent by e-mail) or postmarked (if sent by U.S. mail) on or before October 30, 2006. Written comments not submitted at the public hearing must be submitted via e-mail or U.S. mail to either of the following addresses:

E-mail: r9airpermits@epa.gov

U.S. Mail: Mark Sims (AIR-5)
U.S. EPA Region 9
75 Hawthorne Street
San Francisco, CA 94105-3901
Phone: (415) 972-3965

All comments will be included in the public docket without change and may be made available to the public, including any personal information provided, unless the comment includes Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Information that you consider CBI or otherwise protected should be clearly identified as such and should not be submitted through e-mail. If you send e-mail directly to EPA, your e-mail address will be automatically captured and included as part of the public comment. Please note that an e-mail or postal address must be provided with your comments if you wish to receive direct notification of EPA's final decision regarding the permit and its responses to comments submitted during the public comment period.

EPA will respond to all significant comments on the proposed permit and will make the hearing proceedings available to the public. EPA will consider the public comments before taking final action on the permit and will send notice of the final decision to each person who submitted comments and contact information during the public comment period or requested notice of the final permit decision. The decision will become effective immediately upon issuance of such decision unless the decision is appealed to the Environmental Appeals Board pursuant to 40 CFR 124.19 (any person who submits written comments on the proposed permit or who participates in the Public Hearing may petition the Environmental Appeals Board to review any part of the permit decision within 30 days after the decision has been issued. Any person who failed to comment either in writing or by participation in the Public Hearing on the proposed permit may petition for review by the Environmental Appeals Board only those parts of the final decision which are different from the proposed permit).

For questions or information requests, please contact Mark Sims at the phone number or e-mail address provided above.

Please bring the foregoing notice to the attention of all persons who you know would be interested in this matter.